BEAVERCREEK CITY SCHOOL DISTRICT-GREENE COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2015 and 2016 ACTUAL FORECASTED FISCAL YEARS ENDING JULY 1, 2016 THROUGH JUNE 30, 2021

BEAVERCREEK
CITY SCHOOLS

Forecast Provided By
Beavercreek City School District
Treasurer's Office
Penelope Rucker, Treasurer/CFO

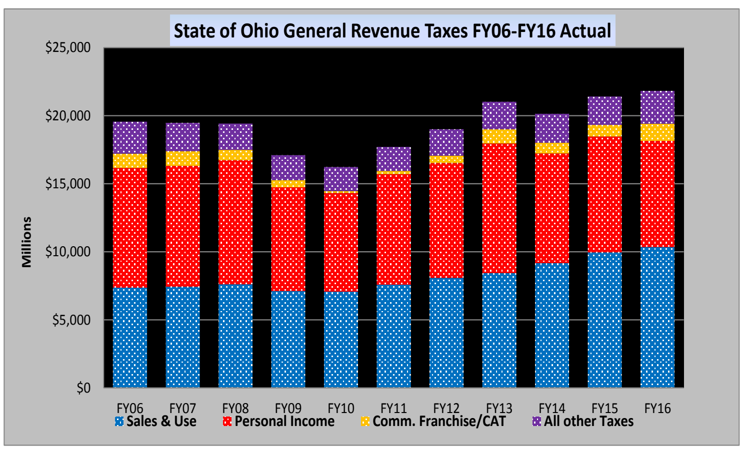
October 20, 2016

Beavercreek City School District – Greene County
Notes to the Five Year Forecast
General Fund Only
October 20, 2016

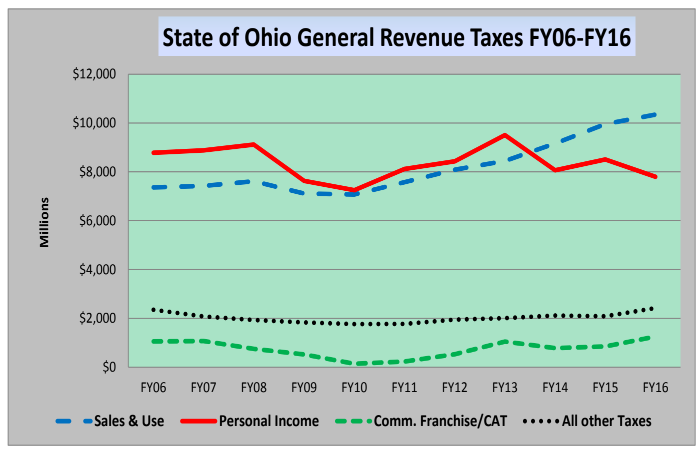
Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2017 (July 1, 2016 through June 30, 2017) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the October 2016 filing.

Economic Environment Affecting Forecast Variables –State Economy
It is important in long range forecasting to consider the economic climate in which projections of revenues are made. Below is significant statewide economic data which suggests that the economy for the FY17-21 period is growing moderately and should continue during the forecast period. It is important for our school district to consider the statewide economic data for two very important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY16 have recovered and are at record levels in spite a personal income tax reduction in FY15 and FY16. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax in FY15 and FY16 is misleading. The declines are due to HB59's across-the-board reductions in income and corporate franchise tax rates which began in FY14. Reductions in FY16 personal income tax is due to an additional 6.3% reduction as authorized by HB64. Not withstanding these reductions, income tax would have grown steadily through FY16. Barring further legislative cuts personal income tax will continue to grow.

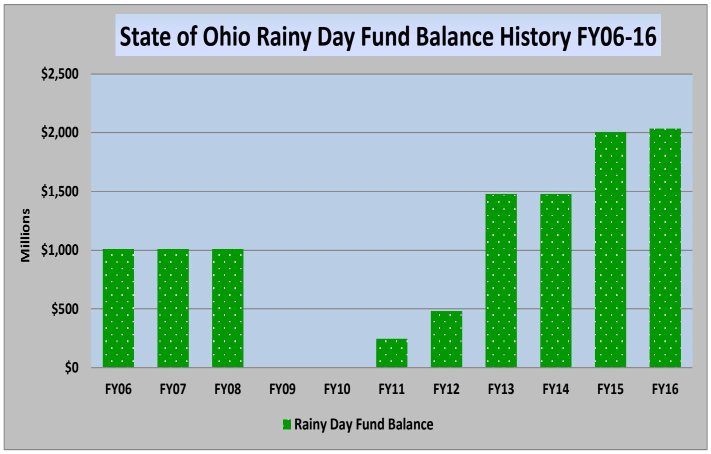


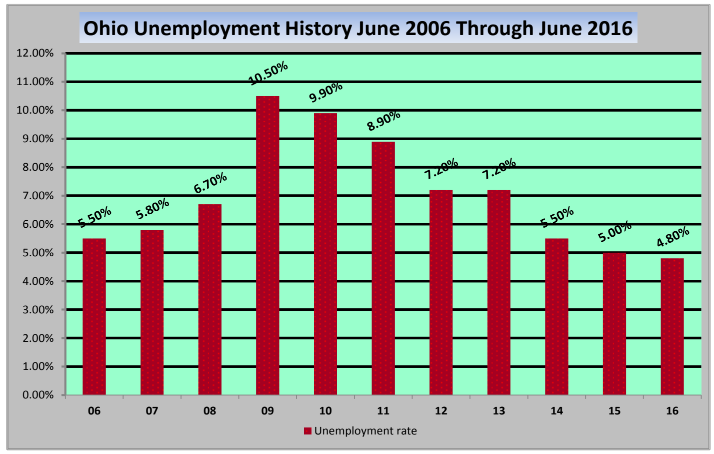
Source: Ohio Legislative Service Commission



Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2015 as noted in both personal income tax and sales tax collections. The above State revenue is a clear indication that the economy has recovered and that there is economic growth in our state. Another indication that the state of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph on the following page shows the ten-year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY16 has reached an all time record high deposit of $2.034 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in the recent state biennium budget HB64 will be met through FY17 and could be continued into the future even if a brief pull back in the economy occurs as some economist's project for late 2017 or 2018.





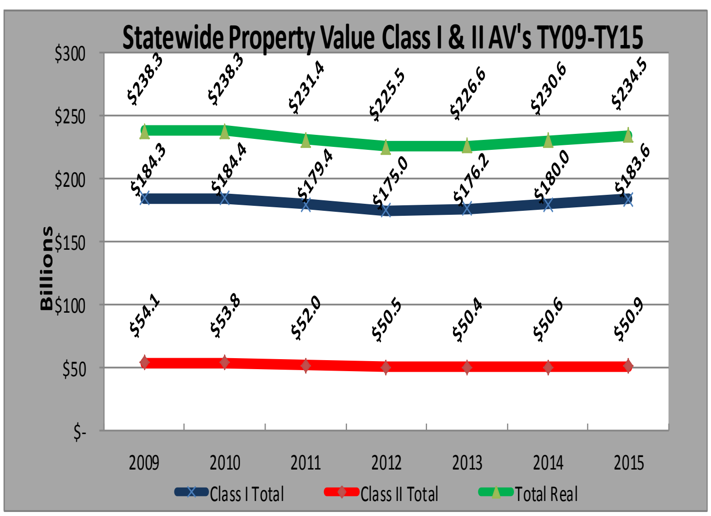
Source: Ohio Legislative Service Commission

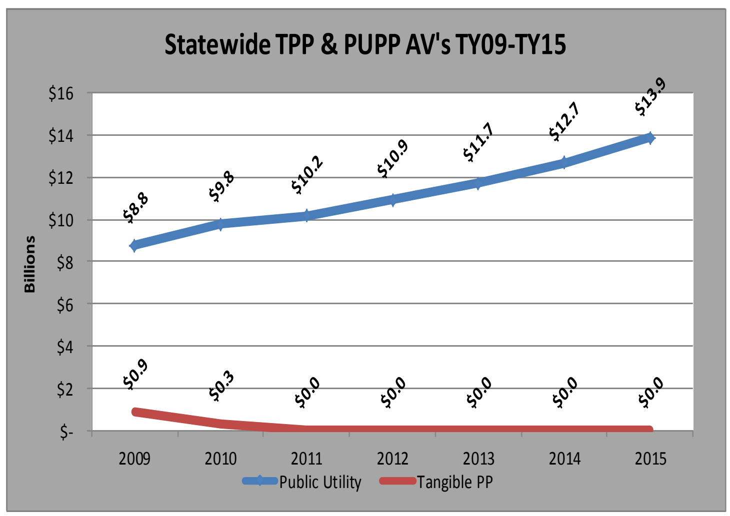
Source: U.S. Bureau of Labor Market Information

The state of Ohio's unemployment rate hit 4.8% the end of June 2016. The last time it was at this level was in October 2001. Over the past 12 months ended May 2016 the unemployment rate dropped .2% as 27,600 new jobs were created. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated and have been the two major drivers of the recent recovery. As of June 2016, the unemployment rate in Greene County was 4.2% which is below the 4.8% state average.

For school districts, a final piece of economic data which is highly relevant is the value of real property. In the 2015Tax Year, 24 of Ohio's 88 counties went through a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From tax year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6%. In 2015 Class 1 values rose by $3.58 billion or 1.99% statewide, while Class 2 property increased for the second time since 2009 by $270.0 million or .54% statewide. Home values for the 12 month period ending in June 2016 were up statewide by 3.5%. Clearly property values have stabilized and should begin to rise at varying levels across the state.

The final category of property is Public Utility Personal Property (PUPP) values. The graphs below show that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values on the other hand continued to grow throughout the Great Recession and into Tax Year 2015due in part to continued new construction, reinvestment in aging infrastructure due to historic low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher value as they are taxed at the full gross tax rate. PUPP values grew $1.2 billion or 9.5% statewide in Tax Year 2015.

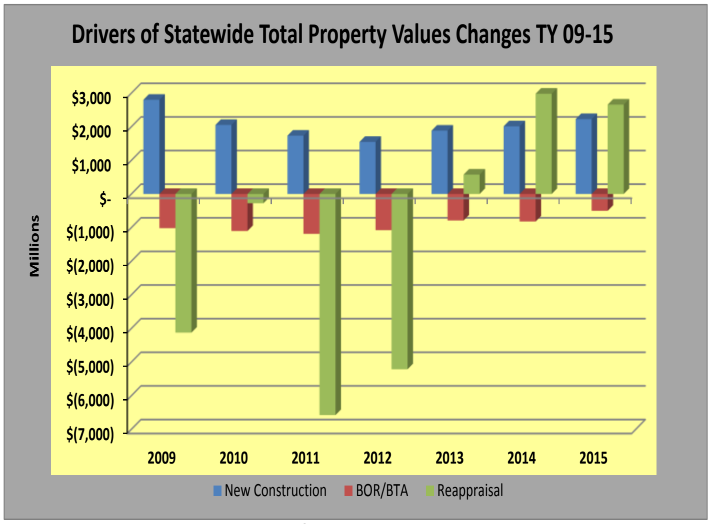




Source: Ohio Department of Taxation

Source: Ohio Department of Taxation

The graph on the following page sums up the main drivers of real property value changes across the state for Tax Year 2009 through 2015. The changes noted below are for Class 1 and 2 property values. Note that new construction is picking up, reappraisal and update values have moved from negative to positive for the last three tax years and Board of Revision/Board of Tax appeals property value changes are trending down from record levels from 2009 through 2012.



Source: Ohio Department of Taxation

Overall, we believe the economy of the state is stable and growing. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB64 through FY17 and continuing through FY21 in future state budgets. The improving labor market is also providing for steady property tax collections in this forecast by: 1) increasing or stabilizing property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

Forecast Risks and Uncertainty:

A five year financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will be happening in the spring of 2017 and 2019 due to deliberation of the next two (2) state biennium budget for FY18-19 & FY20-21, both of which affect this five (5) year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. The long range forecast through fiscal year 2020 will involve renewal of the $10.4 million Emergency levy by the voters during calendar 2017 or 2018. The district has had prior successes with renewal levies and most recently successfully passed the new $18.5 million emergency levy May 5, 2015. If the levy fails to be renewed the district will find itself in serious financial circumstances.

II. Greene and Montgomery Counties experienced a reappraisal of property in the 2014 tax year to be collected in 2015. Our district has 98.5% of our assessed property value in Greene County and 1.5% in Montgomery County. We experienced an overall decrease of .5% in our values. Class I (residential and agricultural property) decreased 2.48%, led by negative adjustments to residential values, and a 1.97% increase in Class II (commercial industrial property). A reappraisal update will occur in tax year 2017 for collection in 2018, which we are estimating and overall increase of 1.5% in values. The district is nearly at the 20 mill floor for Class I and Class II property and it has two “fixed sum” emergency levies so the risk of any sharp reduction in property taxes due to an unexpected decline in values is unlikely.

III. The State Budget represents nearly 24% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the currently adopted HB64 funding formula is changed to reduce funding to our district in a future biennium budget. There are two (2) future State Biennium Budgets covering the period from FY18 through FY21 in this forecast. Future uncertainty in both the state foundation funding formula and the state’s economy makes this area an elevated risk to district funding long range through FY21.

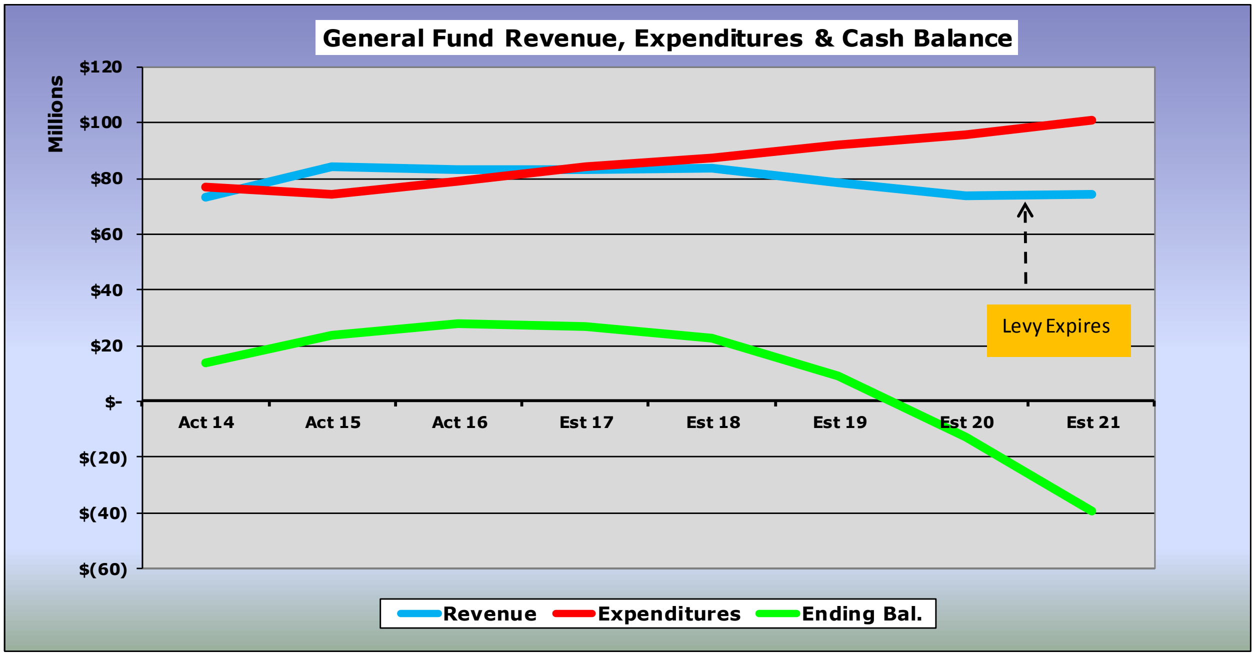
IV. There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs, College Credit Plus and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

V. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staffs are added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.

VI. Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

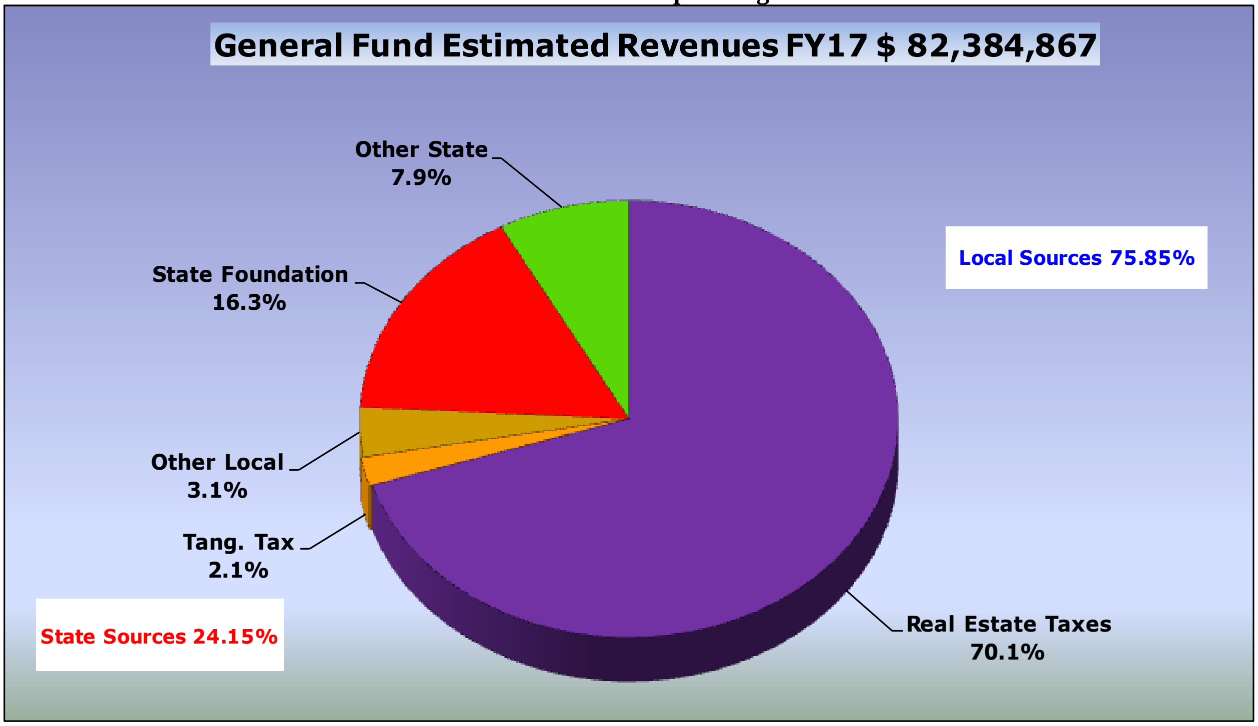
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact me - Mrs. Penny Rucker Treasurer/CFO of Beavercreek City School District at 937-426-1522.

General Fund Revenue, Expenditure and Ending Cash Balance



Revenue Assumptions

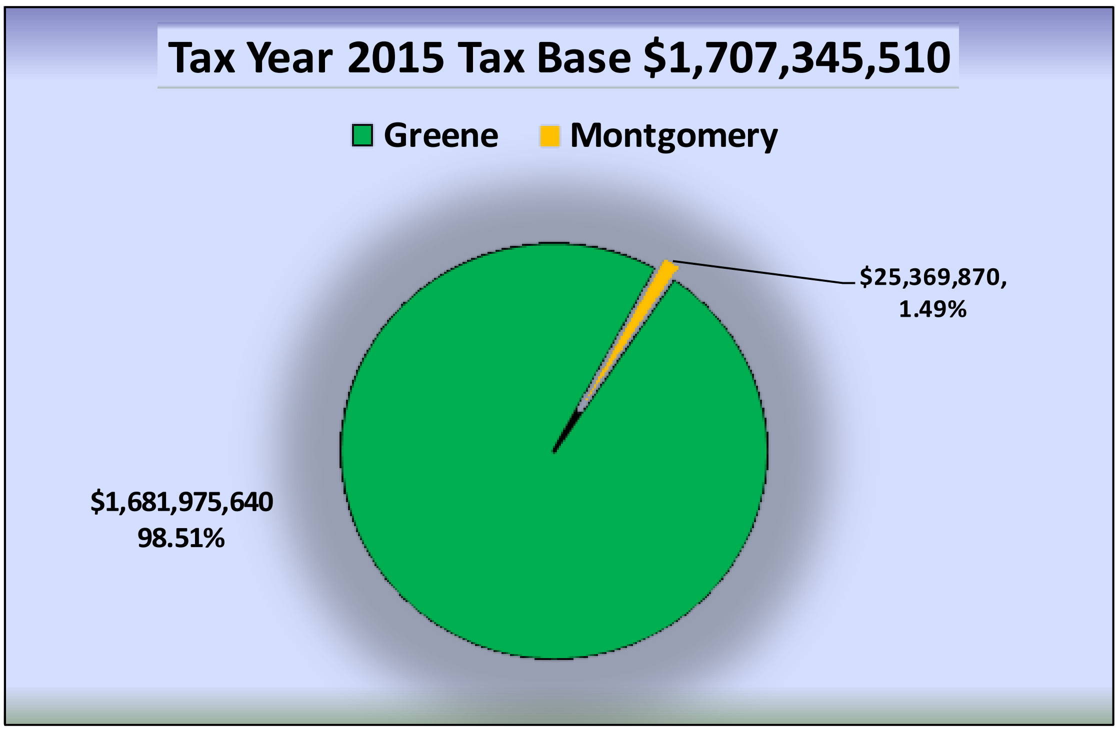
Estimated General Fund Operating Revenues:



Real Estate Value Assumptions – Line # 1.010
The district has property value in Greene and Montgomery Counties. The graph on the following page shows the amount of property value in each county as of 2015. Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Greene and Montgomery Counties experienced a reappraisal of property in the 2014 tax year to be collected in 2015. Our district has 98.5% of our assessed property value in Greene County and 1.5% in Montgomery County. We experienced an overall decrease of .5% in our values in 2014 but have begun to see some very modest growth in 2015 of ¾ of 1% overall.

A reappraisal update will occur in tax year 2017 for collection in 2018, which we are estimating and overall increase of 1.5% in values. The district is nearly at the 20 mill floor for Class I and Class II property and it has two "fixed sum" emergency levies so the risk of any sharp reduction in property taxes due to an unexpected decline in values is unlikely. We have estimated changes in values for these items inline with several years of trend data.

When values fall, reduction factors are lowered and House Bill 920 increases effective tax rates so the district tax revenues are held harmless. The district also has two (2) fixed sum emergency levies which adjust in response to value changes. In fiscal year 2014 the district saw an increase in Line 1.01 due to the new 6.3 mill emergency levy and in fiscal year 2019 a decrease in Line 1.01 is reflected to show the emergency levy renewal.



In addition to reductions in real estate values, House Bill 153 effective July 1, 2011, eliminated the tangible personal property tax (TPP) reimbursement after fiscal year 2012. These reimbursements were to fully compensate the district for the TPP taxes that were based on calendar year 2004 property values. Eliminating the TPP tax was the equivalent of the District losing $2.4 million or a 1.4 mill levy each year.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2016 COLLECT 2017	Estimated TAX YEAR2017 COLLECT 2018	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR 2020 COLLECT 2021
Res./Ag.	$1,239,040,240	$1,260,080,642	$1,269,730,642	$1,269,730,642	$1,289,030,642
Comm./Ind.	443,845,440	449,245,440	454,645,440	454,645,440	465,445,440
Public Utility Personal Property (PUPP)	38,009,830	38,509,830	39,009,830	39,009,830	40,009,830
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$1,720,895,510	$1,747,835,912	$1,763,385,912	$1,763,385,912	$1,794,485,912

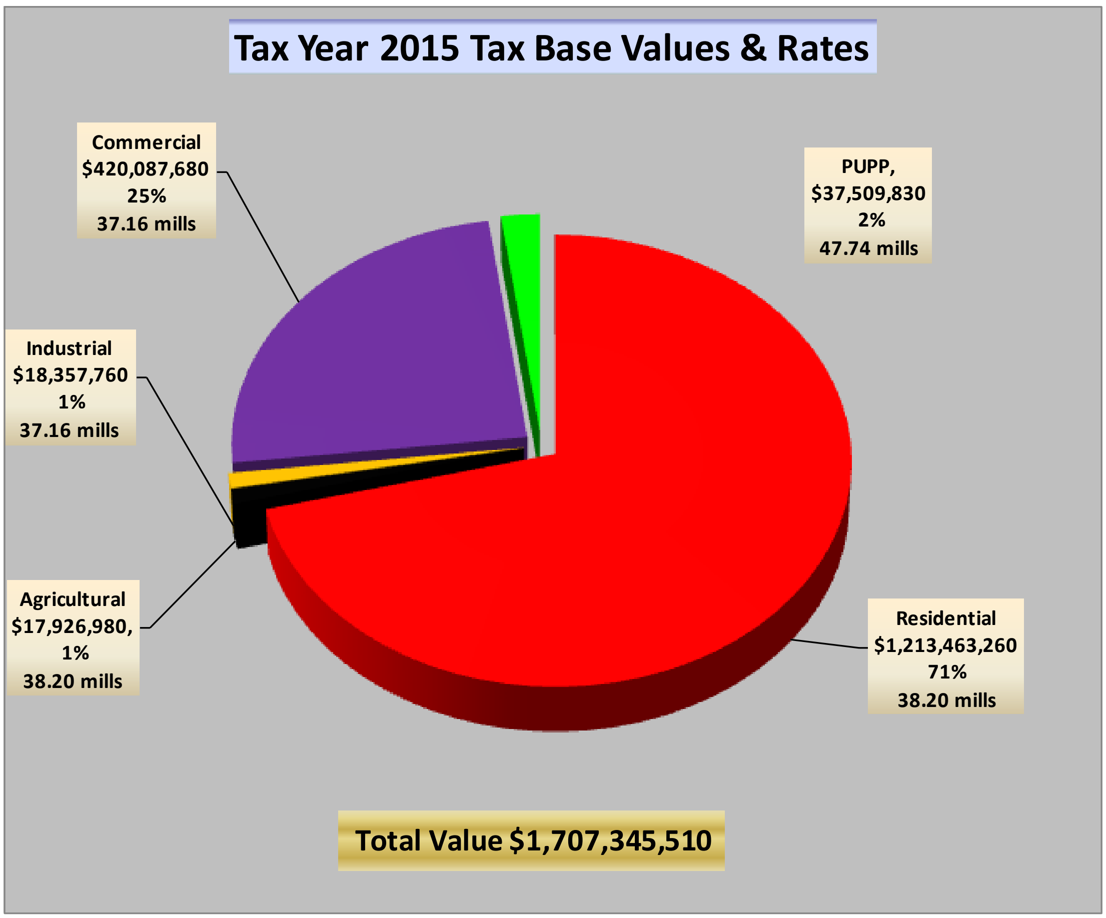
ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY17	FY18	FY19	FY20	FY21
Est. Property Taxes Excluding PUPP	$57,740,691	$57,987,349	$53,067,705	$48,725,692	$49,051,645

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows a 2.5% delinquency which fluctuates year to year. Typically, 51.5% of residential/agriculture (Class I) and commercial/industrial (Class II) is expected to be collected in the February tax settlements and 48.5% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

The $18.5 million emergency levy was renewed May 5, 2015 for five (5) years and will now expire December 31, 2021. Revenues begin to fall off in FY19 as the $10.4 million emergency levy will expire December 31, 2018. This is discussed below under Renewal Levies. These revenues are required to be moved to Line 11.02 of the forecast and removed from Line 1.01, 1.02 and 1.05 which are affected by property tax levies.

The graph below shows the breakdown of the Tax Year 2015 actual tax values and effective tax rates for each classification of property value the district has. Residential and agricultural property is Class I, commercial and industrial properties are Class II and public utility personal property is referred to as PUPP.



Estimated Tangible Personal Tax – Line#1.020

The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in this line at Public Utility Personal Property taxes which are collected at the districts gross tax rates not subject to reduction factors.

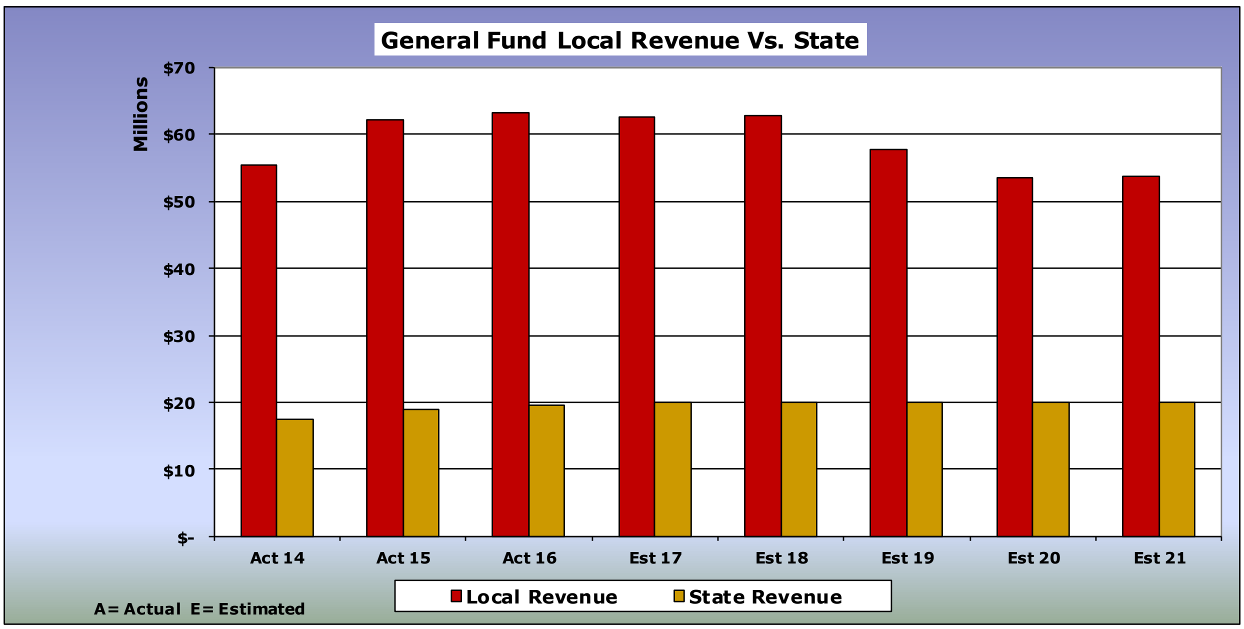
Source	FY17	FY18	FY19	FY20	FY21
Public Utility Personal Property	$1,748,054	$1,816,326	$1,717,196	$1,619,663	$1,636,673
Total Line # 1.020	$1,748,054	$1,816,326	$1,717,196	$1,619,663	$1,636,673

Renewal and Replacement Levies – Line #11.02
The district currently has two levies that are term limited levies, $18,517,600 annual emergency levy that was renewed May 5, 2015 and expires on December 31, 2021 and a $10,400,000 emergency levy passed in November 2013 that will expire on December 31, 2018. The revenue from the $10.4 million emergency levy is required to be removed from all revenue lines on the forecast and moved to Line 11.02 where it can be factored into the ending cash balance.

Source	FY17	FY18	FY19	FY20	FY21
Renewal $18,517,600 Emergency Levy 12/31/21	$0	$0	$0	$0	$0
Rennew $10,400,000 Emergency levy 12/31/18	0	0	5,276,154	10,166,000	10,166,000
Total Line # 11.020	$0	$0	$5,276,154	$10,166,000	$10,166,000

New Tax Levies – Line #13.030
No new levies are modeled in this forecast only the renewal of the emergency levies in 2018 is modeled.

Comparison of Local Revenue and State Revenue:
Note that local revenues fall in FY19 & 20 due to the expiration of the $10.4 million emergency levy. Renewal of this levy is critical for the district's financial survival.



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino Revenue – Line #1.035
The amounts estimated for FY16 for state funding is based on funding component computations from the most recent September 2016 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 included an increase in funding for our district. We are projected to be a FORMULA district regarding state funding in FY17. Our state funding status for FY18-21 will depend on the FY18-19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering four fiscal years.

In FY14-15, HB59 created the third (3rd) new funding formula for public education since 2009. HB64 the state FY16-17 state budget made alterations to the funding formula and added several new components. The new funding formula is very complex and could change again with the new FY 18-19 or FY20-21 state budgets. The funding formula in HB64 has a modified State Share Index (SSI) method to measure a district's wealth and capacity to raise local revenue.

The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1. Opportunity Grant – Per pupil amount increased 1.7% from $5,800 in FY15 to $5,900 in FY16 and 1.7% to $6,000 in FY17.
2. Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
3. Special Education Additional Aid – Based on six (6) categories of disability
4. Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools

5. Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
6. K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
7. Gifted Funds –Based on average daily membership at $5.05 in FY16 & FY17
8. Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
9. Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

There are several new funding components provided in HB64 for FY16 &17. These are additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue.

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density and the number of miles driven by the school buses.
3) 3rd Grade Reading Proficiency Bonus- Provides a bonus to districts based on third grade reading results.
4) High School Graduation Rate Bonus-Provides a bonus to districts based on high school graduation rates up to approximately $450 per student.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16, which is not expected until February 2017. Our estimates are based on the best information available to us and the most current calculation used by ODE. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY16 reconciliation.

Our current SFPR estimates for FY16 are using September 2016 adjusted average daily membership (ADM) and increase the numbers through FY19 and hold numbers steady in FY20-21. Beginning in FY16 the state changed the way it measures student ADM. Student counts are supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2017. This could result in undulating state aid payments throughout the year based on each student count since our district is estimated to be on the Formula. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated increasing enrollment through FY19 and steady enrollment FY20-21 and a 1.0% per pupil increases each year beginning in FY18 for Opportunity Grant funding.

Current calculations indicate our district is a “Formula” funded district for FY17. We believe the district will receive additional funds for the period FY17 through FY21. There is no guidance on the state funding model or increases for the FY18-21 period.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The initial student payment to schools in January 2013 (FY13) was a half year payment of $21.00 per pupil that rose to $51.50 per pupil for a full year in FY14 and $50.50 in FY15. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY16 statewide were 1,792,947 students at $51.34 per pupil. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to $93 million or $51.91 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

B) Unrestricted State Foundation Revenue – Line #1.035

Source	FY17	FY18	FY19	FY20	FY21
Basic Aid-Unrestricted	$12,073,620	$12,305,363	$12,419,337	$12,502,004	$12,585,498
Additional Aid Items	788,767	788,767	788,767	788,767	788,767
Basic Aid-Unrestricted Subtotal	$12,862,387	$13,094,130	$13,208,104	$13,290,771	$13,374,265
Ohio Casino Commission ODT	397,527	406,801	416,287	425,990	435,915
Total Unrestricted State Aid Line # 1.035	$13,259,914	$13,500,931	$13,624,391	$13,716,761	$13,810,180

C) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY17-21.

Source	FY17	FY18	FY19	FY20	FY21
Economically Disadvantaged Aid	$25,068	$25,319	$25,572	$25,828	$26,086
Career Tech - Restricted	17,007	17,007	17,007	17,007	17,007
Medicaid	100,000	100,000	100,000	100,000	100,000
Total Restricted State Revenues Line #1.040	$142,075	$142,326	$142,579	$142,835	$143,093

SUMMARY	FY17	FY18	FY19	FY20	FY21
Unrestricted Line # 1.035	$13,259,914	$13,500,931	$13,624,391	$13,716,761	$13,810,180
Restricted Line # 1.040	142,075	142,326	142,579	142,835	143,093
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$13,401,989	$13,643,257	$13,766,970	$13,859,596	$13,953,273

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not loose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026 but those reimbursements were severely curtailed by HB153 effective July 1, 2012. Our funding was reduced from $2,254,692 in FY11 to $-0- in FY12.

c) Tangible Personal Property Reimbursements – Fixed Sum

HB 64 has continued reimbursement of Fixed Sum TPP reimbursements at current levels through FY17 and will begin a phase out over five years FY18 through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY17	FY18	FY19	FY20	FY21
a) Rollback and Homestead	$6,011,780	$6,053,798	$5,973,903	$5,888,933	$5,919,117
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	483,641	386,913	290,185	193,456	96,728
Total Tax Reimbursements #1.050	$6,495,421	$6,440,711	$6,264,088	$6,082,389	$6,015,845

Other Local Revenues – Line #1.060

Tuition for students educated in the district from other school districts one of the largest revenue sources in this account grouping. Remaining other revenues is projected to grow by 1% annually. Interest rates are expected to remain low to flat for the forecast period. Security of the public funds collected by the district is the top priority of the treasurer's office when investing district funds.

Source	FY17	FY18	FY19	FY20	FY21
Open Enrollment & Tuitions	$1,102,447	$1,113,471	$1,124,606	$1,135,852	$1,147,211
Interest	130,832	130,832	130,832	130,832	130,832
Extra Curricular Activities	442,304	446,724	451,188	455,697	460,251
Dues, Fees, Rentals & Other	744,326	751,769	759,287	766,880	774,549
Federal Impact Aid	578,803	578,803	578,803	578,803	578,803
Total Line # 1.060	$2,998,712	$3,021,599	$3,044,716	$3,068,064	$3,091,646

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned for in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

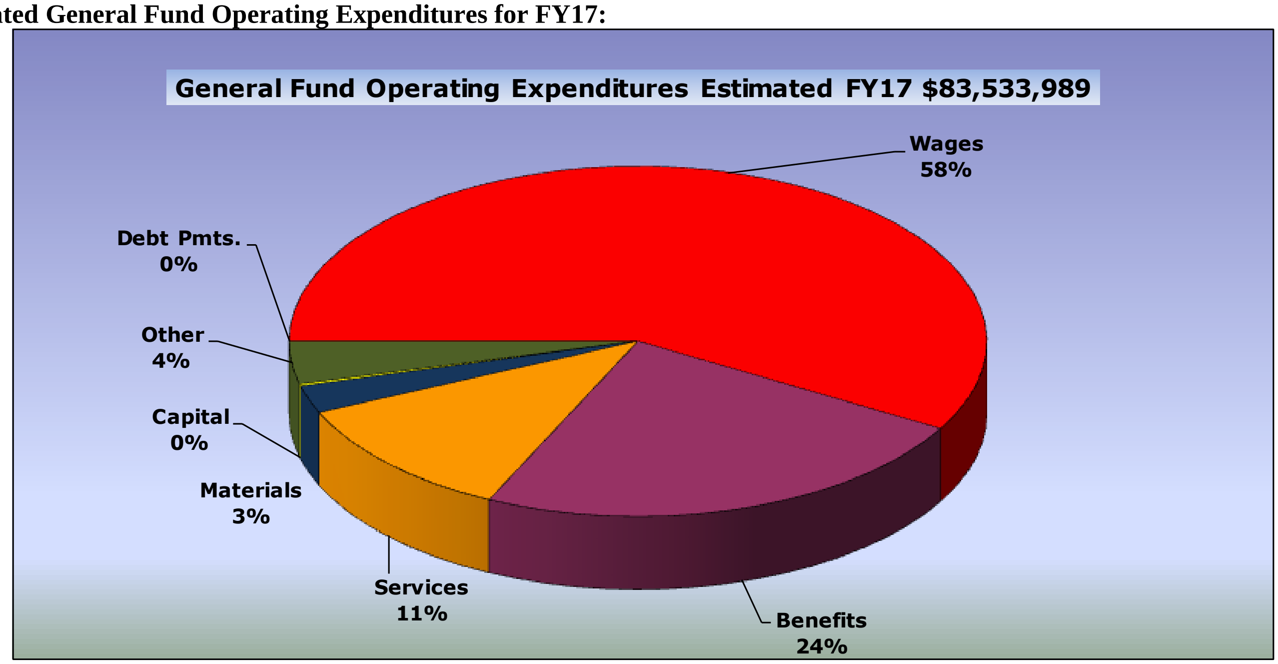
All Other Financial Sources – Line #2.060 & Line #14.010

Source	FY17	FY18	FY19	FY19	FY21
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	529,807	500,000	500,000	500,000	500,000
Total Transfer & Advances In	$529,807	$500,000	$500,000	$500,000	$500,000

Source	FY17	FY18	FY19	FY20	FY21
Refund of prior years expenditures	$20,000	$20,000	$20,000	$20,000	$20,000

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY17:



Wages – Line #3.010
Estimated base wage increases are 2.75% in FY17 and 2% in FY18-21. Steps for academic attainment and experience at the normal 2.24% annual level are planned for FY17-21; additionally, the district restored steps back to 63% of the staff who had endured the step freeze of FY12 during our staff negotiations.

For FY17, per the HR department summary sheet, we increased the teaching (certificated) staff by 9.5 full time equivalent (FTE) positions.

- Four (4) of these positions were added to the elementary grade levels to handle increased inrollment.
- Two (2) of these positions were ones that were supported during FY16 with kindergarten support teachers.
- One (1) ELLL teacher position as well as one (1) intervention specialist postion was a result of a position that was added after school began during the 2015-2016 school year.
- One (1) intervention specialist position was added for the 2016-2017 school year due to changes in program need for our special education students and increased special education population.
- One (1) art teacher position (0.5FTE) was added due to changes in foreign language courses requests (reduction 0.5FTE) and due to request for ROTC program being delayed.
- One (1) gifted teacher was added due to program needs
- one (1) Design Lab (Straight A grant program) teacher position was added to staff the new lab (cost to General Fund now)

History of Wages Changes:
Following the levy passage in November 2013, and as a result of increased enrollment and all-day kindergarten, several new positions were added in FY15.

In FY15, we added staff according to the levy promises made in the Creek Connection dated Fall 2012 which stated that we would:

- ✓ Reinstate Busing for the district's High School and Middle School students as well as for students attending private schools.
    - Students who live within two miles of their building per October 10, 2012 News Release
- ✓ Restore Intervention Tutors
    - Math and Reading Tutors per October 10, 2012 News Release
- ✓ Reinstate Elementary Art, Music and Physical Education
- ✓ Reinstate High School Advanced Placement Courses
- ✓ Reduced Elementary Class Sizes by employing additional Elementary Teachers
- ✓ Reinstate Gifted Program Teachers

New Staff for the 2014-2015 School Year included:

Certificated	New FTE
Art	3.5
English/ Language Arts	2
ESL	2
Grade 1	4
Grade 3	1
Grade 6 ELA	1
Grade 6 Mathematics/ELA	1
Instrumental Music	1
Intervention Specialist	5
Kindergarten	13
Mathematics	1
Music	3
Physical Education	2
Spanish	1
Speech Pathologist	1
Intern Psych	1
	42.5

In FY15, we also hired 25 additional Classified Staff: 19 bus drivers for busing students in High School and Middle School and the "all-day kindergarten" expansion; one additional mechanic, one additional monitor and four (4) additional special needs aides for our growing population of special needs students. We also restored two (2) additional administrators for the Curriculum Department.

For FY16, we also added staff to build support capacity for our programs by adding two (2) Administrators for Student Services Department, three (3) Certificated Staff were added this year based on district needs reflected in the HR Staffing Changes conversations, four (4) Classified Staff were added including one Grant Funded Secretary that moved to General Fund due to grant funding changes, and, three (3) custodial positions were added**.**

The additional funding from the levy to pay for our staff additions has been factored in to the forecast in our real estate collections on line 1.010. 1.02 and 1.05 and the corresponding expenditures for staffing and benefits are in the following sections of the notes and on lines 3.010 and 3.020 of the forecast.

Source	FY17	FY18	FY19	FY19	FY21
Base Wages	$44,153,030	$46,834,185	$48,835,641	$50,861,440	$52,972,587
Based Pay Increase	$1,214,208	$936,684	$976,713	$1,017,229	$1,059,452
Steps & Academic Training	$989,028	$989,028	$1,049,086	$1,093,918	$1,139,296
Increased Staff	$477,919	$75,744	$0	$0	$0
Substitutes	$1,136,955	$1,140,366	$1,143,787	$1,147,218	$1,150,660
Supplementals	$748,362	$750,607	$752,859	$755,118	$757,383
Retirement Severence	$0	$0	$0	$0	$0
Staff Reductions	$0	$0	$0	$0	$0
Total Wages Line 3.010	$48,719,502	$50,726,614	$52,758,086	$54,874,923	$57,079,378

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

A) **STRS/SERS**

SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This will have the result of accelerating our costs by up to one-half a year's cost of $900,000 for SERS. We have taken the 1/6 additional costs per year for 6 years option. We are estimating this cost to be $150,000 each year beginning in fiscal year 2011and ending in fiscal year 2016.

B) Insurance

The estimated increases for medical and dental insurance is 8% for FY17 and are 10% (2% which is for the Affordable Care Act) for fiscal years 2018 through 2021 which reflects trend and an additional 2% for national health care taxes which will affect our district. This is based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware of. The Transition Reinsurance fee due January 15, 2015, is a fee due the IRS for $5.25 per covered member per month for the prior year (2014).This will be $63 for each employee who had a full year of coverage in the prior year. This tax could equate to roughly a 2% annual increase in FY15. Longer-term a significant concern is the 40% "Cadillac Tax" that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .4% of wages due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY17	FY18	FY19	FY19	FY21
A) STRS/SERS	$7,372,643	$7,687,153	$7,996,577	$8,318,258	$8,653,270
B) Insurance's	11,072,050	12,188,344	13,407,178	14,747,896	16,222,686
C) Workers Comp/Unemployment	207,378	215,406	223,532	232,000	240,818
D) Medicare	674,404	707,531	735,536	764,992	795,686
Other/Tuition/Annuities	455,517	455,517	455,517	455,517	455,517
Total Line 3.020	$19,781,992	$21,253,951	$22,818,340	$24,518,663	$26,367,977

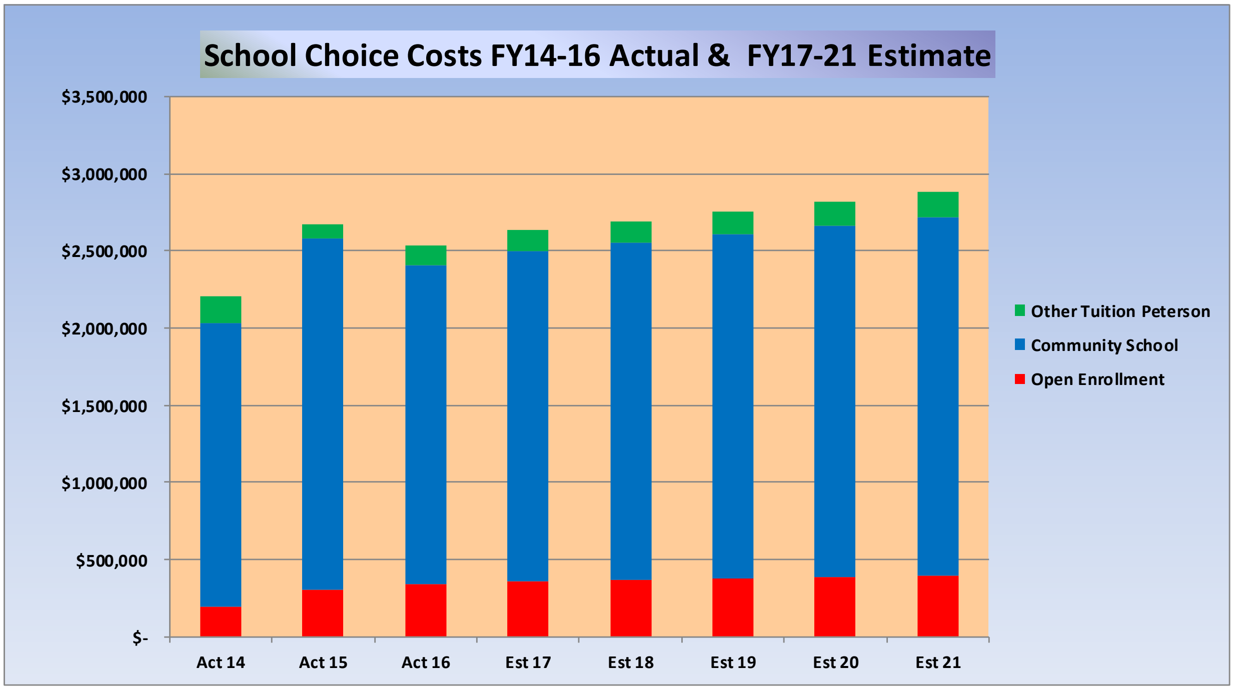
Purchased Services – Line #3.030
An overall inflation of 4.13% is being estimated overall for this category of expenses. One of the largest expenses in this area is school choice for Open Enrollment, Community and STEM school deductions and Scholarship transfers. The graph on the following page shows the amount of money our students take with them to attend other schools. The expenditure for our students attending elsewhere is one the faster growing expenditures since fiscal year 2012.

We have assumed the utilities to grow 2% for fiscal year 2017. Utility rates are estimated to slightly increase with the District's three-year purchasing agreements to control both electric and natural gas costs with the SWEPC. The graph on the following page looks at the cost of school choice to our district which has been rapidly increasing in the past few years.

In addition the following items were adjusted for FY17-21:

- Instructional Services are up due to additional needs in Curriculum Department.
- Straight A Grant Sustainability increased the Forecast $ 114k per year FY17 –FY21 (NWEA SAG Evaluation tool + eSpark Professional Development) with an additional in FY17 of $483,332 and $533,332 in FY19 and FY21 for eSpark software agreement.
- Property Insurance Increased approximately 5%
- Open Enrollment increase – 3% On the June #2 Settlement Sheet we are up over $100,000 FY15; we expect this trend to continue as FY17-21
- Community School Increase – 2% On the June #2 Settlement Sheet we are up over $3,000,000
- Tuition and Ed Scholarship Increase – 5% Increases noted in FY 16 are expected to continue FY17-FY21
- Utilities are expected to increase for new Preschool

Source	FY17	FY18	FY19	FY19	FY21
Base Services	$2,366,621	$2,437,620	$2,510,749	$2,586,071	$2,663,653
Instructional Service	659,581	679,369	699,750	720,743	742,365
SAG Sustainability	114,000	114,000	114,000	114,000	114,000
SAG Sustainability - FY15-FY19 = Rnd 1	0	483,332	533,332	0	0
Property Service	1,191,974	1,251,573	1,314,152	1,379,860	1,448,853
Excess Cost, Special Ed, Autism Scholarship	536,143	552,227	568,794	585,858	603,434
Open Enrollment Deduction	353,407	364,009	374,929	386,177	397,762
Community & STEM School Deductions	2,142,520	2,185,370	2,229,077	2,273,659	2,319,132
Other Tuition, College Credit +	136,092	142,897	150,042	157,544	165,421
Utilities	1,465,703	1,524,331	1,585,304	1,648,716	1,714,665
Total Line 3.030	$9,449,373	$9,251,396	$10,080,129	$9,852,628	$10,752,617



Supplies and Materials – Line #3.040

An overall inflation of 2% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. House Bill 30 discontinued 412 set asides for textbooks beginning in fiscal year 2012; therefore, we no longer show any budget reserve. In addition these items are included in the numbers for this area of our budget:

- Straight A Grant Sustainability Round 1 - $50,000 FY17-21 for iPad purchases
- Straight A Grant Sustainability Round 2 – FY17 $28,000 and FY18-21 $14,000 for miscellaneous resources

Source	FY17	FY18	FY19	FY19	FY21
Supplies	$2,056,153	$2,097,276	$2,139,222	$2,182,006	$2,225,646
SAG Sustainability - FY15-FY19 = Rnd 1	50,000	50,000	50,000	50,000	50,000
SAG Sustainability - FY16-FY20 = Rnd 2	28,000	14,000	14,000	14,000	14,000
Total Line 3.040	$2,134,153	$2,161,276	$2,203,222	$2,246,006	$2,289,646

Equipment – Line # 3.050

Capital outlay will primarily be for the purchase of necessary items. Technology supplies and busses will be purchased out of the P.I. funds to maintain the General Fund's balances.

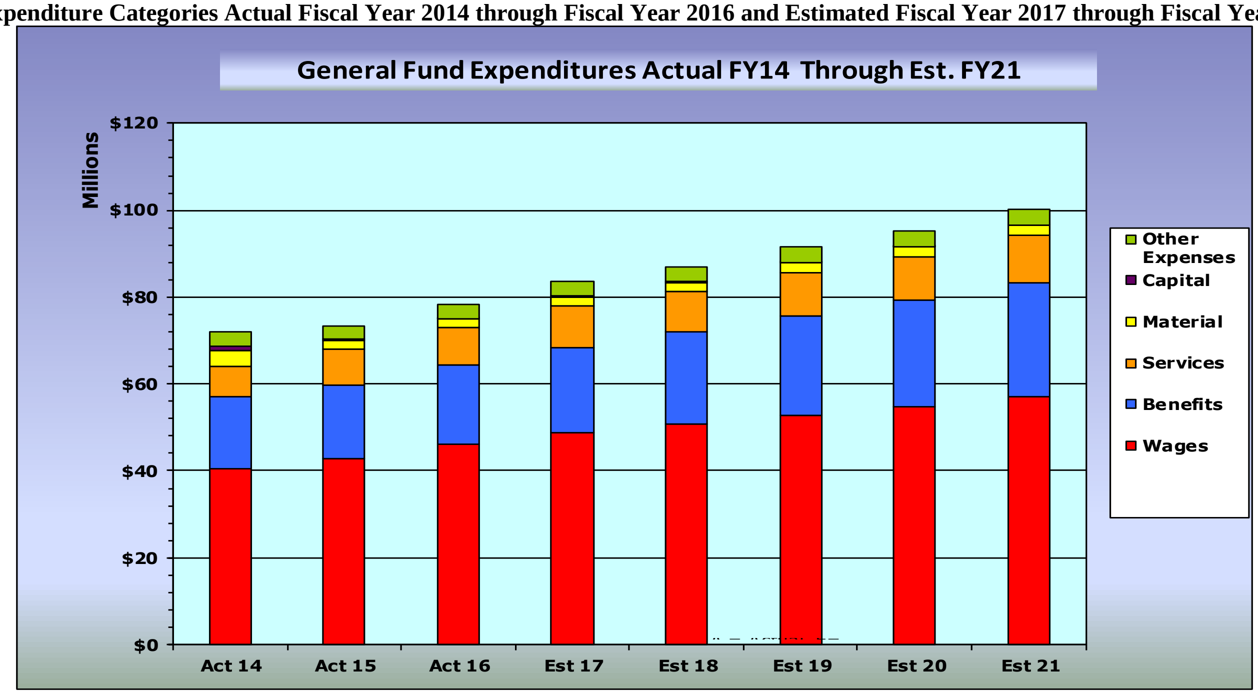
Source	FY17	FY18	FY19	FY19	FY21
Capital Outlay	$163,062	$163,062	$163,062	$163,062	$163,062
Replacement Bus Purchases	0	0	0	0	0
Technology Purchases	0	0	0	0	0
Total Line 3.050	$163,062	$163,062	$163,062	$163,062	$163,062

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. We are estimating annual increase of 1% to 3% for this forecast.

Source	FY17	FY18	FY19	FY20	FY21
County Auditor & Treasurer Fees	$323,227	$326,459	$329,724	$333,021	$336,351
ESC Deduction	2,652,938	2,732,526	2,814,502	2,898,937	2,985,905
Other expenses	309,742	319,034	328,605	338,463	348,617
Total Line 4.300	$3,285,907	$3,378,019	$3,472,831	$3,570,421	$3,670,873

Total Expenditure Categories Actual Fiscal Year 2014 through Fiscal Year 2016 and Estimated Fiscal Year 2017 through Fiscal Year 2021



Transfers Out/Advances Out – Line# 5.010
This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. We are estimating a $500,000 advance to 024 Self Insurance fund annually for year end adjustments which are returned to the General Fund for a bottom-line impact of $0 change. We have to estimate advances to be higher by $100,000 since the Auditors wanted to see our appropriations set at the accurate levels to reflect how much we were really going to transfer back and forth from general fund during the year/year-end.

Source	FY17	FY18	FY19	FY19	FY21
Operating Transfers Out Line #5.010	$50,000	$50,000	$50,000	$50,000	$50,000
Advances Out Line #5.020	500,000	500,000	500,000	500,000	500,000
Total	$550,000	$550,000	$550,000	$550,000	$550,000

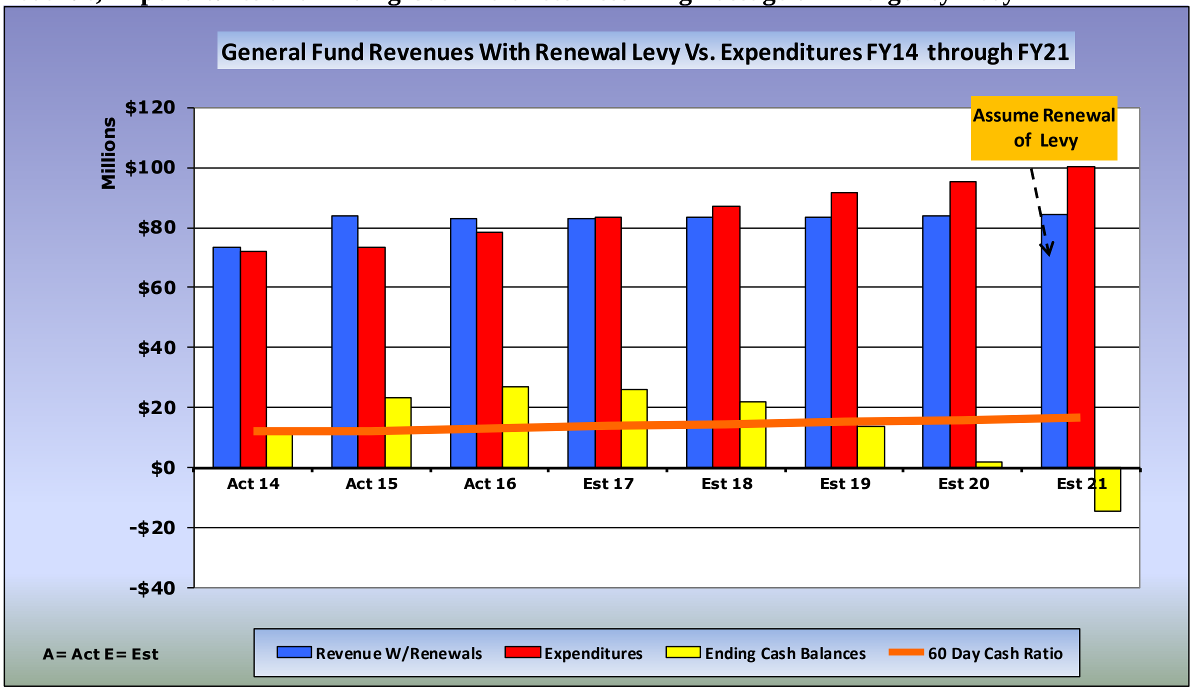
Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY17	FY18	FY19	FY20	FY21
Estimated Encumbrances	$600,000	$600,000	$600,000	$600,000	$600,000

Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010
This amount must not go below $-0- or the district General Fund will violate Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The ending cash balance includes renewal of the$10.4 million emergency levy by December 31, 2018. Failure to renew either levy will result in immediate financial difficulty for the district.

	FY17	FY18	FY19	FY20	FY21
Ending Cash Balance	$ 26,020,253	$ 21,965,177	$ 13,576,336	$ 1,842,037	$ (14,596,434)

Estimated Revenue, Expenditures and Ending Cash Balances Assuming Passage of Emergency Levy



True Cash Days Ending Balance
Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate with out additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. Expenditures are calculated including transfers as this is a predictable funding source when used in the forecast. The graph on the following page indicates the district will need to stay focused on FY19 and beyond as adequate reserves are estimated to be diminished in FY19 if the emergency levy is not renewed, and will potentially fall below 60 days beginning in FY19 even with renewal of the emergency levy.